



TO: J. C. Argetsinger  
Committee on the Judiciary  
United States Senate

25X1

9 June 1976

Attached is a fact sheet on the financial disclosure section of S. 495, which reflects the problems which we have discussed previously. The Agency has a formal report to Senator Eastland on the way, but because of the press of time it was thought necessary to provide you with this material as soon as possible.

STATINTL

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Office of Legislative Counsel  
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**TO:** Francis Rosenberger, Chief Counsel  
Committee on the Judiciary  
United States Senate

9 June 1976



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**TO:** Thomas Hart  
Committee on the Judiciary  
United States Senate

25X1

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FACT SHEET ON S. 495

S. 495, a bill "to establish certain Federal agencies, effect certain reorganizations of the Federal Government, and to implement certain reforms in the operation of the Federal Government recommended by the Senate Select Committee on Presidential Campaign Activities, and for other purposes", was reported favorably by the Senate Government Operations Committee on 12 May 1976 and was referred to the Senate Judiciary Committee with instructions to report no later than 11 June 1976.

Title III, section 302 of the bill contains a provision requiring all Federal employees who are compensated at or over the grade of GS-16 salary level to file public financial statements with the Comptroller General. Section 304(a)(4) grants the President authority to exempt any individual in certain intelligence agencies, including CIA, or any individual engaged in intelligence activities where required if public disclosure "...would reveal the identity of an undercover agent of the Federal Government." This section further provides that financial statements in these cases be filed with the head of the agency involved. We have no objection to this arrangement. This exemption, however, does not recognize other security considerations of equal and broader significance which would not be covered.

Intelligence personnel have access to highly classified information which would be extremely valuable to a foreign intelligence service and for which foreign services have and would offer large sums of money. Numerous attempts have been made by foreign intelligence services to recruit such employees. The disclosure of the financial status of intelligence personnel would clearly assist opposition services in identifying employees for possible recruitment approach. Further, this

consideration applies to all personnel in intelligence community agencies, whether or not they are undercover. As concerns the CIA, Congress has recognized that the Agency's ability to accomplish its unique mission could be jeopardized by the public disclosure of the names and certain other information concerning any of its employees. Accordingly, section 7 (now section 6) of the CIA Act of 1949 (50 U.S.C. 403g) was enacted and states as follows:

"In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 403(d)(3) of this title that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of any...law which require(s) the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency...."

The financial disclosure provision in S. 495 would raise a serious question of statutory conflict with section 6 of our Act.

Enclosed is a proposed amendment to section 304(a)(4) in S. 495 to broaden the exempting language for intelligence personnel and to avoid possible conflict with existing law prohibiting disclosure. It is requested that our comments and suggested amendment be given consideration when your Committee acts upon S. 495.